



**U.S. Department of  
Transportation**  
Office of the Secretary  
of Transportation

The Inspector General

Office of Inspector General  
Washington, D.C. 20590

April 26, 2012

The Honorable Darrell Issa  
Chairman, Committee on Oversight  
and Government Reform  
United States House of Representatives  
Washington, DC 20515

Dear Chairman Issa:

Thank you for your letter of April 5, 2012, requesting that the Department of Transportation (DOT) Office of Inspector General (OIG) provide information on the status of open audit recommendations. Specifically, you requested the following: (1) the number of open OIG recommendations; (2) estimated cost savings associated with open recommendations; (3) our three most important open recommendations; and (4) the number of recommendations implemented this past year.

As of April 16, 2012, we identified 536 open recommendations, which were included in 193 audit reports. Of the 536 open recommendations, 50, which were included in 42 reports, carry an estimated monetary benefit or cost savings totaling \$1,908,133,256.<sup>1</sup> The oldest open recommendation with financial benefits was issued in July 2007. The enclosed document provides detailed information on these 50 recommendations.

We identified the following as the three most important open recommendations based on the significance of potential safety improvements, financial benefits, or increased economy or efficiency.

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<sup>1</sup> Cost savings were based on questioned costs, unsupported costs, and funds put to better use.

- **Significant Safety Issue**

<b>Component</b>	<b>Open Recommendation</b>	<b>OIG Report</b>
Federal Aviation Administration (FAA)	Ensure the collection and analysis of data regarding domicile and commuting length for all Part 121 flight crews. Specifically, information regarding the number of pilots and other flight-crewmembers who commute, their methods of transportation, and the distances they commute, should be collected.	<i>FAA and Industry Are Taking Action To Address Pilot Fatigue, but More Information on Pilot Commuting Is Needed</i> , AV-2011-176 (September 12, 2011)

In our September 2011 report, we noted that FAA published a proposed and final rule on flight, duty, and rest regulations for pilots. However, the rule did not require carriers to track pilot domicile<sup>2</sup> or commuting—factors that can contribute to fatigue since many pilots in the industry reside hundreds or thousands of miles from their assigned duty locations. FAA concurred in part with our recommendation and committed to conducting a scan of all available data on pilot commuting and determining whether additional data could offer significant safety benefits. The target action date is October 1, 2012.

- **Significant Safety Issue**

<b>Component</b>	<b>Open Recommendation</b>	<b>OIG Report</b>
Federal Highway Administration (FHWA)	Collect and analyze Highway Bridge Program (HBP) expenditure data on a regular basis to identify activities undertaken by States, such as bridge replacement and rehabilitation, to improve the condition of the Nation's bridges.	<i>Assessment of FHWA Oversight of the Highway Bridge Program and the National Bridge Inspection Program</i> , MH-2010-039 (January 14, 2010)

Our January 2010 report describes how FHWA lacks sufficient data to evaluate States' use of HBP funds and ensure that States target Federal dollars to bridges most in need of attention. Specifically, FHWA cannot link HBP expenditures to bridge improvements—a significant data gap. While some progress has been made in recent years to reduce the number of deficient bridges, maximizing Federal surface transportation investments to improve current bridge conditions is a major challenge for FHWA, particularly at a time of diminishing Federal resources. FHWA told us in March 2012 that a plan has been developed to collect more information on bridge projects and better track activities undertaken by the States to improve the Nation's bridges. While FHWA has yet to set a date for releasing the new system enhancement, it has agreed to finish evaluating the proposed changes and set a target release date by September 30, 2012.

<sup>2</sup> In the aviation industry, "domicile" refers to the crewmember's work location rather than the crewmember's home location.

- **Significant Program Improvement**

Component	Open Recommendation	OIG Report
Office of the Secretary	Implement the use of personal identity verification (PIV) cards as the primary authentication mechanism to support multi-factor authentication at the system and application level for all DOT employees and contractors.	<i>Timely Actions Needed To Improve DOT's Cybersecurity</i> , FI-2011-022 (November 15, 2010)

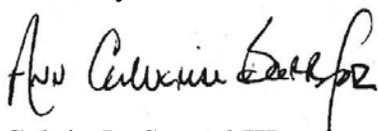
Our 2010 report on DOT's Information Security Program recommended actions to improve computer security, including the use of PIV cards as the primary authentication mechanism for all DOT employees and contractors. The PIV card program is one of the Administration's top priorities and is critical to prevent unlawful access to sensitive information and key Federal facilities. DOT agreed to implement appropriate authentication mechanisms that include PIV cards and other methods in cases where PIV cards were not appropriate. DOT's target completion date for this action is September 30, 2012.

Finally, we closed 466 recommendations from 204 audit reports between April 7, 2011, and April 16, 2012.

We appreciate DOT's responsiveness to our findings and recommendations and are committed to working with the Department to ensure the safe and efficient operations of our National Transportation System. We would especially like to note that the Deputy Secretary is actively engaged in working with DOT's Operating Administrators to ensure that appropriate corrective actions are quickly taken to resolve and close our recommendations.

If you have any questions or need further information, please contact me at (202) 366-1959 or Nathan Richmond, Director and Counsel for Congressional and External Affairs, at (202) 493-0422.

Sincerely,



Calvin L. Scovel III  
Inspector General

Enclosure

**Department of Transportation, Office of Inspector General**  
**Open Recommendations with Financial Benefits**  
**As of April 16, 2012**

REPORT TITLE	REPORT NUMBER	DATE REPORT ISSUED	OPERATING ADMINISTRATION	DESCRIPTION OF RECOMMENDATION	QUESTIONED COSTS	UNSUPPORTED COSTS	FUNDS PUT TO BETTER USE	TARGET ACTION DATE	REMARKS
FAA's Air Traffic Controller Optimum Training Solution Program: Sound Contract Management Practices are Needed to Achieve Program Outcomes	AV2010126	9/30/2010	FAA	We recommend that FAA determine (a) if the existing contract mechanism can be effectively modified to achieve ATCOTS program goals within the current estimate of \$859 million or (b) update cost estimates and requirements for its training needs and develop criteria for determining whether the Agency should exercise options in the contract.			\$422,000,000	6/30/2012	
More Rigorous Oversight is Needed to Ensure Venice Municipal Airport Land Sales and Leases are Used Appropriately	AV2011180	9/29/2011	FAA	We recommend FAA assess the revenue diversions or self-sustainability issues involving the distribution of Sharky's lease revenue and parking lot renovation costs and seek full recovery, plus interest on the \$493,070 in questioned costs identified by our office and any other improperly allocated revenue identified by FAA.  We recommended that FAA work with the City of Venice to develop an appropriate allocation of future rent revenue from Sharky's over the remaining term of the lease and the cost of subsequent capital improvements such as parking lot renovations, that protects the self-sustainability of the airport.	\$493,070		\$426,329	TBD  TBD	
Federal Highway Administration's Oversight of Federal-Aid and Recovery Act Projects Administered by Local Public Agencies Needs Strengthening	MH2011146	7/15/2011	FHWA	We recommend FHWA assess the project transactions related to the \$5 million in unsupported project costs we identified in California and Texas and review similar transactions within these projects for unsupported costs. We also recommend that they develop an action plan to collect all unsupported costs or identify FHWA's rationale for acceptance of these costs.		\$5,000,000		9/30/2012	

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Quality Control Review of the Department of Transportation's Audited Consolidated Financial Statements for Fiscal Years 2011 and 2010	QC2012009	11/15/2011	OST	Clifton Gunderson recommended that DOT management ensure that OA's perform quarterly inactive project reviews to ascertain that inactive obligations are liquidated in a timely manner throughout the year. Particular attention should be paid to stagnant or closed projects with open obligations. Timely reconciliation with the OA's grantees and contractors should be performed.			\$1,400,000,000	9/30/2012	
The Joint Program Office's Management of the Intelligent Transportation Systems (ITS) Program Needs to be Improved	AV2009040	3/11/2009	RITA	We recommend that RITA coordinate with FHWA to identify and review old ITS contracts and agreements and de-obligate nearly \$20 million in unneeded funds.			\$20,000,000	6/30/2012	RITA agreed to deobligate \$36,400,000.
Single Audit - Federated States of Micronesia Government	SA2010115	9/21/2010	FAA	We recommend the allowability of the contract payments and recover \$252,411 for the Micronesia National Government.	\$252,411			5/11/2012	
Single Audit - Federated States of Micronesia Government	SA2011159	8/18/2011	FAA	We recommend FAA determine the allowability of the expenditures and recover \$126,746 from the Micronesia National Government, if applicable.	\$126,746			6/13/2012	
Single Audit - Holmes County, Ohio	SA2012014	11/23/2011	FAA	We recommend that FAA determine the allowability of the questioned costs and recover \$49,060 for the County, if applicable.	\$49,060			TBD	
Single Audit - City of Camden, Arkansas	SA2012065	3/1/2012	FAA	We recommend that FAA ensure the City complies with Davis-Bacon requirements and recover \$20,000 from the City, if applicable.	\$20,000			TBD	
Single Audit - Antonio B. Won Pat International Airport Authority, Guam	SA2012074	3/22/2012	FAA	We recommend FAA recover \$50,000 from the Authority, if applicable.	\$50,000			TBD	
Single Audit - San Francisco International Airport	SA2012075	3/22/2012	FAA	We recommend FAA ensure the Airport complies with Cash Management requirements and recover \$205,428 from the Airport, if applicable.  We recommend FAA recover \$308,150 from the Airport, if applicable.	\$205,428  \$308,150			TBD  TBD	

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Single Audit - State of Minnesota	SA2011129	6/13/2011	FHWA	We recommend that FHWA ensures the State complies with testing requirements for the bridge concrete and steel, and recover \$7,487,000.  We recommend that FHWA ensures the State complies with requirements for grading and base construction and recover \$1,289,000 from the State, if applicable.	\$7,487,000  \$1,289,000			TBD  TBD	
Single Audit - State of Arizona	SA2011130	6/13/2011	FHWA	We recommend that FHWA recover \$22,356 from the State.	\$22,356			TBD	
Single Audit - State of Rhode Island and Providence Plantations	SA2011132	6/16/2011	FHWA	We recommend that FHWA ensure the State complies with Allowable Costs/Cost Principles and recover \$37,433 from the State, if applicable.	\$37,433			TBD	
Single Audit - Commonwealth of Pennsylvania	SA2010114	9/21/2010	FMCSA	We recommend that FMCSA determine the allowability of the unused leave payouts and recover \$15,519 from the Commonwealth, if applicable.	\$15,519			TBD	
Single Audit - South Carolina Department of Transportation	QC2007055	7/18/2007	FTA	We recommend that FTA determine the allowability of the Department's payments to the Authority, and recover \$496,479 from the Department and/or the Authority, if applicable.	\$496,479			12/31/2013	FTA agreed to seek recovery of \$2,600,000.
Single Audit - City of Roanoke, Virginia	SA2010078	7/22/2010	FTA	We recommend that FTA ensure the City abides by Federal and City procurement requirements and recover \$543,307 from the City if applicable.	\$543,307			12/31/2012	
Single Audit - State of Washington	SA2010084	7/22/2010	FTA	We recommend that FTA recover \$740,889 from the State.	\$740,889			8/31/2012	
Single Audit - Miami-Dade County Transit Department	SA2010087	7/27/2010	FTA	We recommend that FTA ensure the County complies with Buy America provisions, and recover \$528,217 from the County, if applicable.	\$528,217			12/31/2012	

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Single Audit - Puerto Rico Metropolitan Bus Authority	SA2010105	8/30/2010	FTA	We recommend that FTA recover \$1,799,744 from the Authority.  We recommend that FTA determine the allowability of the prior year expenditures and recover \$452,294 from the Authority, if applicable.	\$1,799,744  \$452,294			12/31/2013  12/31/2013	
Single Audit - Wilkes-Barre, Pennsylvania	SA2010108	9/1/2010	FTA	We recommend that FTA recover \$448,000 from the City.	\$448,000			9/30/2012	
Single Audit - South Tahoe Area Transit Authority	SA2010118	9/27/2010	FTA	We recommend that FTA ensure that the Authority obtains title to the buses or recover \$84,800 from the Authority.  We recommend that FTA ensure that the Authority obtain approval of the hourly reimbursement rate and recover \$208,700 from the Authority if applicable.	\$84,800  \$208,700			6/30/2012  6/30/2012	
Single Audit - Yuma Metropolitan Planning Organization	SA2010123	9/27/2010	FTA	We recommend that FTA ensure the Organization complies with various Federal reporting requirements, and recover \$11,948 from the Organization, if applicable.	\$11,948			6/30/2012	
Single Audit - City of Petersburg, Virginia	SA2011018	11/12/2010	FTA	We recommend that FTA ensure the City prepares time certifications in accordance with OMB Circular A-87, and recover \$1,500,000 from the City.	\$1,500,000			TBD	
Single Audit - Yuma Metropolitan Planning Organization	SA2011075	4/28/2011	FTA	We recommend FTA determine the allowability of the FY 2009 drawdown activity and recover \$344,353 from the Planning Organization, if applicable.	\$344,353			6/30/2012	
Single Audit - Hillsborough Transit Authority, Tampa Florida	SA2011082	4/29/2011	FTA	We recommend FTA recover \$155,323 from the Authority.	\$155,323			12/31/2012	
Single Audit - State of Washington	SA2011092	5/23/2011	FTA	We recommend FTA ensure the State develops procedures to ensure payroll costs are adequately supported and recover \$759,870 from the State, if applicable.	\$759,870			8/31/2012	
Single Audit - Puerto Rico Metropolitan Bus Authority	SA2011115	5/24/2011	FTA	We recommend that FTA recover \$19,939 from the Authority.	\$19,939			12/31/2012	

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Single Audit - City of Tracy, California	SA2011113	5/24/2011	FTA	We recommend FTA ensure the City maintains adequate documentation for payroll charges and recover \$166,701 from the City.	\$166,701			6/30/2012	
Single Audit - State of Tennessee	SA2011124	6/13/2011	FTA	We recommend FTA recover \$23,511 from the State.  We recommend that FTA determine the allowability of the reimbursement requests and recover \$79,021 from the State, if applicable.  We recommend that FTA recover \$452,370 from the State.	\$23,511  \$79,021  \$452,370			12/31/2012  12/31/2012  12/31/2012	
Single Audit - Lakeland Area Mass Transit District, Florida	SA2011127	6/13/2011	FTA	We recommend FTA determine the allowability of the indirect costs and recover \$618,588 from the District, if applicable.	\$618,588			12/31/2012	
Single Audit - Antelope Valley Transit Authority	SA2011121	6/13/2011	FTA	We recommend FTA recover \$222,216 from the Authority.	\$222,216			TBD	
Single Audit - Metropolitan Transit Authority of Harris County, Texas	SA2011143	7/14/2011	FTA	We recommend that FTA recover \$20,771,450	\$20,771,450			TBD	
Single Audit - Greater Cleveland Regional Transit Authority	SA2012018	11/23/2011	FTA	We recommend FTA recover \$529,981 from the Authority.	\$529,981			5/23/2012	
Single Audit - Commuter Rail Division of the Regional Transportation Authority and the Northeast Illinois Regional Commuter, Chicago, Illinois	SA2012020	12/13/2011	FTA	We recommend FTA recover \$9,956,691 from METRA, if applicable.	\$9,956,691			6/13/2012	
Single Audit - City of Winston-Salem, North Carolina	SA2012033	12/21/2011	FTA	We recommend FTA recover \$26,500 from the City.	\$26,500			7/21/2012	
Single Audit - Augusta, Georgia	SA2012035	12/21/2011	FTA	We recommend FTA recover \$81,724 from Augusta, Georgia, if applicable.	\$81,724			7/21/2012	
Single Audit - City of Columbia, Missouri	SA2012059	2/27/2012	FTA	We recommend FTA recover \$22,803 from the City.	\$22,803			8/27/2012	
Single Audit - Omaha Council Bluffs Metropolitan Area Planning Agency, Nebraska	SA2012060	2/27/2012	FTA	We recommend FTA recover \$27,600 from the Council, if applicable.	\$27,600			8/27/2012	
Single Audit - King County, Washington	SA2012057	2/27/2012	FTA	We recommend FTA recover \$3,170,485 from the County, if applicable.	\$3,170,485			8/27/2012	
Single Audit - Southeastern Regional Transit Authority, Massachusetts	SA2012064	3/1/2012	FTA	We recommend FTA recover \$4,276,750 from the Authority, if applicable.	\$4,276,750			9/1/2012	

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				We recommend FTA ensure the Authority complies with Cash Management requirements and recover \$419,469 for the Authority, if applicable.	\$419,469			9/1/2012	
Single Audit - City of Beckley, West Virginia	SA2012077	3/22/2012	FTA	We recommend FTA recover \$1,411,031 from the City.	\$1,411,031			9/22/2012	
			<b>TOTAL</b>		<b>\$60,706,927</b>	<b>\$5,000,000</b>	<b>\$1,842,426,329</b>		
								<b>Grand Total</b>	<b>\$1,908,133,256</b>